External debts

702. SHRIMATI S. G. INDIRA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have taken any decision to pre-pay high interest external debts;

(b) if so, the details thereof; and

(c) if so, how much interest will be saved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. The Government has decided to repay pre-maturely high cost loans from ADB and IBRD. ADB loans amounting to US Dollar 1158 million and IBRD loans amounting to US Dollar 1688 millions would be pre-paid during the current financial year.

(c) The savings to Government of India on prepayment of external debt are estimated based on discounted value of debt servicing, at Rs. 2565 crores approximately.

M.H. Kania Committee on demutualisation of Stock Exchanges

703. SHRI R. S. GAVAI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the M.H. Kania Committee on Corporatisation and demutualisation of Stock Exchanges has recommended the abolition of regional stock exchanges in the country;

(b) if so, the details thereof, alongwith other recommendations;

(c) whether the Government have examined these recommendations; and

(d) if so, the Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The Kania Committee has noted that the concept of regional stock exchange, which was introduced in the days of manual trading and open outcry system to encourage mobilization of resources and development

of equity cult across the country, has lost its relevance in the days of automated trading. The Group therefore felt that the concept of regional stock exchange needs to be abolished.

Some of the other recommendations of the Committee are:

* the stock exchanges which are set up as association of persons and those which are set up as companies limited by guarantee be converted into companies limited by shares;

* a common model for corporatisation and demutualisation be adopted for all stock exchanges; and

* Clause (i) of section 2 of Securities Contracts Regulations Act, 1956 would need to be amended to provide that a stock exchange should be a company incorporated under the Companies Act.

* The three stakeholders *viz.* shareholders, brokers and investing public through the regulatory body should be equally represented on the governing board of the demutualised exchange;

* there should be specific vacancies on the board for each group of stakeholders;

* the shareholder's representatives should not be functioning brokers;

* the brokers representatives would be elected by the shareholders from among the brokers of the exchange;

* the representatives of the investing public would be nominated by SEBI from among a panel comprising of academics, professionals, industry representatives, public figures and investor associations, none of who should have any interest in any broking firm;

* adequate disclosures about the background of the directors of the board should be provided to the shareholders at the annual general meetings and the annual reports;

* The roles and hence the posts of the Chairman and Chief Executive should be segregated. The Chairman should be a person who has considerable knowledge and experience of the

functioning of the stock exchanges and the capital market;

* the Chairman of the Board should not be a practicing broker;

* the demutualised stock exchanges should follow the relevant norms of corporate governance applicable to listed companies in particular, the constitution of the audit Committee, standards of financial disclosure and accounting standards, disclosures in the annual reports, disclosures to shareholders and management systems and procedures;

(c) and (d) The Kania Committee report has been approved by the SEBI Board on 29th November, 2002 with a modification that the voting rights of the shares held by the members would be determined by SEBI in consultation with the Government of India. Recommendations of SEBI Board are under examination in Government for necessary legislative changes.

Change in the premium of motor insurance

704. SHRI NANA DESHMUKH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether there has been a drastic change in the premium of insurance and of No Claim Bonus (NCB) in case of motor vehicle users;

(b) if so, the details thereof and since when;

(c) whether there is any uniformity between the position prevailing in Government and private general insurance companies in this regard;

(d) if so, the justification and reasons for change over the past practice;

(e) whether the changes would hit hard to the honest motor vehicle users and whether Government have received any representation in this regard; and

(f) if so, the action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (f) Premium rates and other terms and conditions for motor insurance are regulated by the Tariff Advisory Committee (TAC), Statutory Body